

**Marcellus Community Schools  
Marcellus, Michigan**

**Annual Financial Statements  
and  
Auditors' Report**

**June 30, 2004**

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**Marcellus Community Schools**  
**Marcellus, Michigan**  
**Members of the Board of Education and Administration**  
**June 30, 2004**

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Members of the Board of Education

Richard Cripps	President
David Bowlby	Vice President
Norman Carlson	Treasurer
Kathy Shugars	Secretary
Tom McNally	Trustee
Eric Sonnevil	Trustee
Chris Nofsinger	Trustee

Administration

Dr. Dennis McCrumb	Superintendent
Mary Cooper	Assistant Superintendent
Bill Markovich	Principal – High School
Mary McCrumb	Principal – Middle School
David Wing	Principal – Primary School
Nanette Pauley	Principal - Volinia Outcome



710 E. Milham  
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## Independent Auditors' Report

To the Board of Education  
Marcellus Community Schools  
Marcellus, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Marcellus Community Schools as of and for the year ended June 30, 2004, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Marcellus Community Schools' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Marcellus Community Schools as of June 30, 2004 and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the School District has implemented a new reporting model as required by the provisions of the Governmental Accounting Standards Board's Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* and Governmental Accounting Standards Board Statement No. 38, *Certain Financial Statement Note Disclosures*, as of July 1, 2003.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 1, 2004 on our consideration of the Marcellus Community Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information identified in the table of contents are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Marcellus Community Schools' basic financial statements. The combining and individual major and non-major fund financial statements and the schedules of bond indebtedness and property tax data are presented for purposes of additional analysis and is not a required part of the basic financial statements. The combining and individual major and non-major fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The schedules of bond indebtedness and property tax data have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Yeo & Yeo, P.C.*

Kalamazoo, Michigan

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September 1, 2004

**Marcellus Community Schools**  
**Management's Discussion and Analysis**  
**June 30, 2004**

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This section of the Marcellus Community Schools annual financial report presents our discussion and analysis of the School District's financial performance during the year ended June 30, 2004. Please read it in conjunction with the School District's financial statements, which immediately follow this section.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Marcellus Community School District financially as a whole. The *Government-wide Financial Statements* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short term as well as what remains for future spending. The fund financial statements look at the School District's operations in more detail than the government-wide financial statements by providing information about the School District's most significant funds – the General Fund and the Special Revenue Fund – Food Service with all other funds presented in one column as non-major funds. The remaining statement, the statement of fiduciary net assets, presents financial information about activities for which the School District acts solely as an agent for the benefit of students and parents. The annual report is arranged as follows:

***Management's Discussion and Analysis (MD&A)***  
***(Required Supplemental Information)***

**Basic Financial Statements**

***District-wide Financial Statements***

***Fund Financial Statements***

***Notes to the Basic Financial Statements***

***(Required Supplemental Information)***

***Budgetary Information for General Fund***

***Other Supplemental Information***

***Statistical Section***

**Marcellus Community Schools**  
**Management's Discussion and Analysis**  
**June 30, 2004**

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**Reporting the School District as a Whole – Government-wide Financial Statements**

The statement of net assets and the statement of activities, which appear first in the School District's financial statements, report information about the School District as a whole using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. The statement of net assets includes all of the School District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

These two statements report the School District's net assets and how they have changed. Net assets – the difference between assets and liabilities, as reported in the statement of net assets – is one way to measure the School District's financial health, or position. Over time, increases or decreases in the School District's net assets – as reported in the statement of activities – are indicators of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the School District's operating results. However, the School District's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other non-financial factors, such as the quality of the education provided and the safety of the schools to assess the overall health of the School District.

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The statement of net assets and statement of activities report the governmental activities for the School District, which encompass all of the School District's services, including instruction, support services, community services, athletics, and food services. Property taxes, unrestricted State aid (foundation allowance revenue), and State and federal grants finance most of these activities.

**Reporting the School District's Most Significant Funds – Fund Financial Statements**

The School District's fund financial statements provide detailed information about the most significant funds – not the School District as a whole. Some funds are required to be established by State law and by bond covenants. However, the School District establishes many other funds to help it control and manage money for particular purposes (the Food Service and Athletics Funds are examples) or to show that it's meeting legal responsibilities for using certain taxes, grants, and other money (such as bond-funded construction funds used for voter-approved capital projects). The governmental funds of the School District use the following accounting approach:

Governmental funds – All of the School District's services are reported in Governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds and balances left at year end that are available for spending. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the School District and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net assets and the statement of activities) and governmental funds in reconciliation.

**Marcellus Community Schools**  
**Management's Discussion and Analysis**  
**June 30, 2004**

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**The School District as Trustee-Reporting the School District's Fiduciary Responsibilities**

The School District is the trustee, or fiduciary, for its student activity funds. All of the School District's fiduciary activities are reported in separate statements of fiduciary net assets. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

**The School District as a Whole**

Recall that the statement of net assets provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets as of June 30, 2004.

**TABLE 1**

	<u>Governmental Activities</u>
<b>Assets</b>	
Current and other assets	\$ 2,083,103
Property and equipment	<u>5,197,665</u>
<b>Total assets</b>	<u>7,280,768</u>
<b>Liabilities</b>	
Current liabilities	1,009,308
Long-term liabilities	<u>8,499,900</u>
<b>Total liabilities</b>	<u>9,509,208</u>
<b>Net Assets</b>	
Invested in property and equipment – Net of related debt	(3,372,410)
Restricted	242,860
Unrestricted	<u>901,110</u>
<b>Total net assets</b>	\$ <u><u>(2,228,440)</u></u>

The above analysis focuses on the net assets (see Table 1).

The results of this year's operations for the School District as a whole are reported in the statement of activities (see Table 2), which shows the sources of revenue for the fiscal year 2003/04.

**Marcellus Community Schools**  
**Management's Discussion and Analysis**  
**June 30, 2004**

TABLE 2

	Governmental Activities
<b>Revenue</b>	
Local sources	\$ 567,571
State sources	6,520,496
Federal Sources	534,419
Intermediate sources	<u>71,505</u>
Total Revenue	<u>7,693,991</u>
<b>Functions/Program Expenses</b>	
Instruction	4,550,007
Support services	2,758,243
Community services	123,821
Payments to other public schools	110,232
Capital outlay	<u>-</u>
Total Expenses	<u>7,542,303</u>
Excess (deficiency) of revenues over expenditures	<u>151,688</u>
Debt service	(40,960)
Transfer from other funds	-
Transfer to other funds	<u>(162,436)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ <u>(51,708)</u>

Property taxes for operations and unrestricted State aid constitute the vast majority of School District operating revenue sources. The Board of Education and Administration must annually evaluate the needs of the School District and balance those needs with State-prescribed available unrestricted resources.

**The School District's Funds**

As we noted earlier, the School District uses funds to help it control and manage money for particular purposes. Looking at funds helps the reader consider whether the School District is being accountable for the resources taxpayers and others provide and may provide more insight into the School District's overall financial health.

In the General Fund, our principal operating fund, the fund balance decreased \$51,708 to \$1,139,678. The change is due mainly to increased expenditures and decreased revenue.

**Marcellus Community Schools**  
**Management's Discussion and Analysis**  
**June 30, 2004**

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**General Fund Budgetary Highlights**

Over the course of the year, the School District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. The final amendment to the budget was actually adopted in January of 2004. (A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided in required supplementary information of these financial statements).

There were no significant budget amendments during the year and there were no significant variances between the final budget amounts and actual.

**Capital Assets and Debt Administration**

**Capital Assets**

At June 30, 2004, the School District had \$10,730,311 invested in capital assets, including land, buildings, and furniture and equipment.

	<u>2004</u>
Assets not being depreciated – Land	\$ 100,000
Building and building improvements	7,165,933
Furniture and equipment	2,654,493
Buses and other vehicles	<u>809,885</u>
Total capital assets	10,730,311
Less accumulated depreciation	(5,532,646)
Net capital assets	\$ <u>5,197,665</u>

**Debt**

At the end of this year, the School District had \$8,340,000 in General Obligation Bonds outstanding versus \$8,595,000 last year – a decrease of 3 percent.

The School District's General Obligation Bond rating continues to be "AAA" from Standard & Poor's Corporation and "AAA" from Moody's Investor Services. The State limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within the School District's boundaries. If the School District issues "Qualified Debt," that is debt backed by the State of Michigan, such obligations are not subject to this debt limit. The School District's outstanding unqualified general obligation debt of \$8,340,000 is below this \$18,118,922 statutorily imposed limit.

Other obligations include accrued vacation pay and sick leave. We present more detailed information about our long-term liabilities in the notes to the financial statements

**Marcellus Community Schools**  
**Management's Discussion and Analysis**  
**June 30, 2004**

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**Economic Factors and Next Year's Budgets and Rates**

Our elected officials and administration consider many factors when setting the School District's 2003/04 fiscal year budget. One of the most important factors affecting the budget is our student count. The State foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The blended count for the 2003/04 fiscal year is 20 percent and 80 percent of the February 2003 and September 2003 student counts, respectively. The 2003/04 budget was adopted in June 2003 based on an estimate of students that would be enrolled in September 2003. Approximately 90 percent of total General Fund revenue is from the foundation allowance. Under State law, the School District cannot assess additional property tax revenue for general operations. As a result, School District funding is heavily dependent on the State's ability to fund local school operations. Based on early enrollment data at the start of the 2004 school year, we anticipate that the fall student count will be close to the estimates used in creating the 2004/05 budget. Once the final student count and related per pupil funding is validated, State law requires the School District to amend the budget if actual School District resources are not sufficient to fund original appropriations.

The Board of Education was aware of and was advised by management not to approve a budget with a large consumption of fund equity for the 2003-2004 school year. However, the budget approved by the Board in June of 2003 anticipated an approximate \$89,135 deficit.

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In the spring of 2004, the Board took action to reduce budget expenditures for the 2004-2005 school year. The Board reduced expenditures by \$500,000 in an attempt to reach a balanced budget for 2004-2005.

The District's 2004-2005 contracts are based on a formula with a minimum of a one percent (1%) wage increase after the adoption of the 2004-2005 budgets in June. The District experienced increases in retirement (12.99% of total payroll to 14.87%) which along with the wage increase impacted total expenditures. Management projects a slight increase in total revenue for the 2004-2005 school year. The Board expects it will continue to consume fund equity in 2004-2005.

Since the School District's revenue is heavily dependent on State funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenues to fund its appropriation to school districts. The State periodically holds a revenue-estimating conference to estimate revenues. The most recent information indicates that state is closing out its 2003-04 Fiscal Year with a deficit. It is uncertain at this point how much of a deficit exists and how the State of Michigan General Fund will be affected and the resultant effect to the School Aid Fund Revenues. The next revenue conference would usually be held in January of 2005, however, a revenue estimating conference will be held this month, two months earlier than normal, in large part because of a troubling concern about the state's finances.

**Contacting the School District's Financial Management**

This financial report is designed to provide the School District's citizens, taxpayers, customers, investors, and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Superintendent's office at 305 W. Arbor, Marcellus, Michigan 49067.

**Marcellus Community Schools**  
**Statement of Net assets**  
**June 30, 2004**

		Governmental Activities
<b>Assets</b>		
Current assets		
Cash	\$	622,883
Due from other governments		1,445,315
Inventory		14,905
Total current assets		<u>2,083,103</u>
Noncurrent assets		
Capital assets		
Land		100,000
Building and improvements		7,165,933
Equipment and furniture		2,654,493
Buses and other vehicles		809,885
Less: accumulated depreciation		(5,532,646)
Total noncurrent assets		<u>5,197,665</u>
Total assets		<u>7,280,768</u>

**Marcellus Community Schools**  
**Statement of Net assets**  
**June 30, 2004**

<b>Liabilities</b>		
Current liabilities		
Accounts payable	\$	9,227
Current portion of long term debt		329,237
Salaries and benefits payable		598,862
Accrued interest		71,982
Total current liabilities		<u>1,009,308</u>
Noncurrent liabilities		
Compensated absences payable		183,985
Retirement incentive		35,000
Notes payable - long-term portion		188,392
Bonds payable - long-term portion		8,092,523
Total noncurrent liabilities		<u>8,499,900</u>
Total liabilities		<u>9,509,208</u>
<b>Net Assets (Liabilities)</b>		
Invested in capital assets, net of related debt		(3,372,410)
Restricted for:		
Debt service		242,860
Unrestricted		901,110
Total net assets (liabilities)	\$	<u><u>(2,228,440)</u></u>

Governmental  
Activities

**Marcellus Community Schools**  
**Statement of Activities**  
**For the Year Ended June 30, 2004**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
Instruction	\$ 4,633,349	\$ -	\$ 1,084,934	\$ (3,548,415)
Supporting services	2,696,058	-	3,878	(2,692,180)
Food services	370,691	176,689	188,812	(5,190)
Athletics	216,406	46,701	10,489	(159,216)
Community services	123,821	-	-	(123,821)
Interest on long-term debt	506,986	-	-	(506,986)
Other transactions	113,928	-	-	(113,928)
Depreciation - unallocated	231,110	-	-	(231,110)
Total governmental activities	\$ 8,892,349	\$ 223,390	\$ 1,288,113	\$ (7,380,846)
General revenues				
Property taxes, levied for general purposes				513,209
Property taxes, levied for debt service				685,853
State aid - unrestricted				6,037,608
Interest and investment earnings				7,083
Other				49,601
Total general revenues				7,293,354
Change in net assets				(87,492)
Net assets (liabilities) - beginning				(2,140,948)
Net assets (liabilities) - ending				\$ (2,228,440)

See Accompanying Notes to Financial Statements

**Marcellus Community Schools**  
**Balance Sheet - Governmental Funds**  
**June 30, 2004**

	General Fund	Special Revenue Fund - Food Service	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash	\$ 411,577	\$ 183,014	\$ 28,292	\$ 622,883
Due from other governmental units	1,437,044	8,271	-	1,445,315
Due from other funds	190,673	-	335,541	526,214
Inventory	8,350	6,555	-	14,905
Total assets	\$ 2,047,644	\$ 197,840	\$ 363,833	\$ 2,609,317
<b>Liabilities and Fund Balance</b>				
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 9,227	\$ -	\$ 9,227
Salaries and benefits payable	586,279	-	-	586,279
Due to other funds	321,687	188,613	15,914	526,214
Total liabilities	907,966	197,840	15,914	1,121,720
<b>Fund Balance</b>				
Reserved for inventory	8,350	-	-	8,350
Reserved for capital projects	-	-	33,077	33,077
Reserved for debt service	-	-	314,842	314,842
Undesignated	1,131,328	-	-	1,131,328
Total fund balance	1,139,678	-	347,919	1,487,597
Total liabilities and fund balance	\$ 2,047,644	\$ 197,840	\$ 363,833	\$ 2,609,317

See Accompanying Notes to Financial Statements  
4 - 4



**Marcellus Community Schools**  
**Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets**  
**June 30, 2004**

**Total fund balances for governmental funds** **\$ 1,487,597**

Total net assets reported for governmental activities in the statement of net assets is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Those assets consist of:

Land	\$ 100,000
Buildings and additions	7,165,933
Equipment and furniture	2,654,493
Buses and other vehicles	809,885
Less: accumulated depreciation	<u>(5,532,646)</u>
	5,197,665

Unemployment insurance due within a year for the fiscal year ended June 30, 2004  
Salary and benefits payable (12,583)

Long-term liabilities applicable to the School District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities - both current and long-term - are reported in the statement of net assets. Balances as of June 30, 2003 are as follows:

Compensated absences payable	(183,985)
Retirement Incentive	(42,000)
Notes payable	(220,629)
Bonds payable	(8,382,523)
Accrued interest payable	<u>(71,982)</u>
	(8,901,119)

**Net assets (liabilities) of governmental activities**

**\$ (2,228,440)**

**Marcellus Community Schools**  
**Combined Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**June 30, 2004**

	General Fund	Special Revenue Fund - Food Service	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Local sources	\$ 567,571	\$ 178,588	\$ 743,466	\$ 1,489,625
State sources	6,520,496	5,809	-	6,526,305
Federal sources	534,419	183,003	-	717,422
Intermediate sources	71,505	-	-	71,505
Total revenues	<u>7,693,991</u>	<u>367,400</u>	<u>743,466</u>	<u>8,804,857</u>
<b>Expenditures</b>				
Education				
Instruction	4,550,007	-	-	4,550,007
Supporting services	2,758,243	-	-	2,758,243
Food services	-	370,691	-	370,691
Athletics	-	-	216,406	216,406
Community services	123,821	-	-	123,821
Payments to other schools	110,232	-	-	110,232
Capital outlay	-	-	132,282	132,282
Total expenditures	<u>7,542,303</u>	<u>370,691</u>	<u>348,688</u>	<u>8,261,682</u>
Excess (deficiency) of revenues over expenditures	<u>151,688</u>	<u>(3,291)</u>	<u>394,778</u>	<u>543,175</u>
<b>Other financing sources (uses)</b>				
Debt service	(40,960)	-	(677,193)	(718,153)
Transfers from other funds	-	3,291	159,145	162,436
Transfers to other funds	(162,436)	-	-	(162,436)
Total other financing sources (uses)	<u>(203,396)</u>	<u>3,291</u>	<u>(518,048)</u>	<u>(718,153)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(51,708)</u>	<u>-</u>	<u>(123,270)</u>	<u>(174,978)</u>
Fund balance - beginning, restated	1,191,386	-	471,189	1,662,575
Fund balance - ending	<u>\$ 1,139,678</u>	<u>\$ -</u>	<u>\$ 347,919</u>	<u>\$ 1,487,597</u>

See Accompanying Notes to Financial Statements

**Marcellus Community Schools**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in**  
**Fund Balance of Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2004**

<b>Net change in fund balances - total governmental funds</b>		<b>\$ (174,978)</b>
Total change in net assets reported for governmental activities in the statement of activities is different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Depreciation expense	\$ (231,110)	
Capital outlay	<u>56,173</u>	<u>(174,937)</u>
Bond proceeds are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net assets.		
Repayments of long-term debt	283,997	283,997
Current year liability for unemployment insurance due within a year		
Unemployment insurance		(12,583)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Change in compensated absences payable	102,966	
Change in retirement benefits payable	(42,000)	
Change in accrued interest on bonds	<u>(69,957)</u>	<u>(8,991)</u>
<b>Change in net assets of governmental activities</b>		<b>\$ <u>(87,492)</u></b>

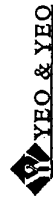
**Marcellus Community Schools**  
**Statement of Fiduciary Net Assets**  
**June 30, 2004**

	Private Purpose Trust Fund	Agency Funds
<b>Assets</b>		
Cash	\$ 42,108	\$ 4,214
<b>Liabilities</b>		
Due to student activities	-	4,214
<b>Net assets</b>		
Reserved for scholarships	42,108	-
<b>Total liabilities and net assets</b>	<b>\$ 42,108</b>	<b>\$ -</b>

**Marcellus Community Schools**  
**Statement of Changes in Fiduciary Net Assets - Private Purpose Trust Fund**  
**For the Year Ended June 30, 2004**

	Private Purpose Trust Fund
Additions	
Local sources	\$ 3,073
Deductions	
Scholarships	<u>2,000</u>
Change in net assets	1,073
Net assets - beginning	<u>41,035</u>
Net assets - ending	<u>\$ 42,108</u>

See Accompanying Notes to Financial Statements  
4 - 9



**Marcellus Community Schools**  
**Notes to Financial Statements**  
**June 30, 2004**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Marcellus Community Schools (School District) conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the School District's significant accounting policies:

**Reporting Entity**

The School District is governed by an elected seven-member Board of Education. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the School District's reporting entity, and which organizations are legally separate component units of the School District. The School District has no component units.

**District-wide Financial Statements**

The School District's basic financial statements include both district-wide (reporting for the district as a whole) and fund financial statements (reporting the School District's major funds). The district-wide financial statements categorize all nonfiduciary activities as either governmental or business type. All of the School District's activities are classified as governmental activities.

The statement of net assets presents governmental activities on a consolidated basis, using the economic resources measurement focus and accrual basis of accounting. This method recognizes all long-term assets and receivables as well as long-term debt and obligations. The School District's net assets are reported in three parts (1) invested in capital assets, net of related debt, (2) restricted net assets, and (3) unrestricted net assets. The School District first utilizes restricted resources to finance qualifying activities.

The statement of activities reports both the gross and net cost of each of the School District's functions. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, interest and investment earnings, etc.). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function) are normally covered by general revenue (property taxes, state and federal sources, interest income, etc.). The School District does not allocate indirect costs. In creating the district-wide financial statements the School District has eliminated interfund transactions.

The district-wide focus is on the sustainability of the School District as an entity and the change in the School District's net assets resulting from current year activities.

**Fund Financial Statements**

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**Marcellus Community Schools**  
**Notes to Financial Statements**  
**June 30, 2004**

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Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, unrestricted State aid, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.

Fiduciary fund statements also are reported using the economic resources measurement focus and the accrual basis of accounting.

The School District reports the following major governmental funds:

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General Fund – The General Fund is used to record the general operations of the School District pertaining to education and those operations not required to be provided for in other funds.

Special Revenue Fund – Food Service – Special Revenue Fund – Food Service funds are used to account for resources for the operation of the food service program.

**Assets, Liabilities and Equity**

Deposits and Investments – Cash includes cash on hand, demand deposits and short term investments with a maturity of three months or less when acquired. Investments are stated at fair value based on a quoted market price. Certificates of deposit are stated at cost which approximates fair market value.

Receivables and Payables – Generally, outstanding amounts owed between funds are classified as “due from/to other funds”. These amounts are caused by transferring revenues and expenses between funds to get them into the proper reporting fund. These balances are paid back as cash flow permits.

Property taxes and other trades receivable are shown net of an allowance for uncollectible amounts.

Property taxes collected are based upon the approved tax rate for the year of levy. For the fiscal year ended June 30, 2004, the General Fund rate was 16.9348 per \$1,000 of non-homestead assessed value. The Debt Fund rate was 5.99 per \$1,000 of homestead and non-homestead assessed value.

School property taxes are assessed and collected in accordance with enabling state legislation by cities and townships within the School District's boundaries. Approximately 96% of the School District's tax roll lies within the Townships of Marcellus, Newberg, Volinia and Porter.

The property tax levy runs from July 1 to June 30. Property taxes become a lien on the first day of the levy year and are due on or before September 14 or February 14. Collections are forwarded to the School District as collected by the assessing municipalities. Real property taxes uncollected as of March 1 are purchased by the Counties of Cass, St. Joe and Van Buren and remitted to the School District by May 15.

**Marcellus Community Schools**  
**Notes to Financial Statements**  
**June 30, 2004**

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**Inventories and Prepaid Items** – Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both district-wide and fund financial statements.

**Capital Assets** – Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair market value at the date of donation. The School District defines capital assets as assets with an initial individual cost in excess of \$5,000. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized. The School District does not have infrastructure assets. Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	20 - 50 years
Buses and other vehicles	5 - 10 years
Furniture and other equipment	5 - 10 years

**Compensated Absences** – Sick days are earned by teachers and administrators. Retiring employees who meet certain years of service requirements are paid for accumulated sick days up to a maximum number of days and at a rate determined by their contracts. There is no contractual provision for payment of unused vacation. They may be used for vacation only.

The liability for compensated absences reported in the district-wide financial statements consists of unpaid, accumulated sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments. The amount reported is salary-related and includes fringe benefits.

**Long-term Obligations** – In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets.

**Fund Equity** – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

### **Comparative Data**

Comparative data is not included in the School District's financial statements.

### **Eliminations and Reclassifications**

In the process of aggregating data for the statement of net assets and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

### **Economic Dependency**

The School District received approximately 85% of their General Fund revenue from the Michigan Department of Education. Due to the significance of this revenue source, the School District is considered to be economically dependent on the Michigan Department of Education.

**Marcellus Community Schools**  
**Notes to Financial Statements**  
**June 30, 2004**

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**Concentrations**

Substantially all of the School District's employees work under collective bargaining agreements. Unions whose existing agreements will expire in fiscal year 2004-05 represent approximately 100% of these employees.

**Accounting Change**

Effective July 1, 2003, the School District implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management Discussion and Analysis – for State and Local Governments*. Changes to the financial statements as a result of GASB No. 34 are as follows:

A Management Discussion and Analysis (MD&A) section providing an analysis of the School District's overall financial position and results of operations has been included.

District-wide financial statements prepared using full accrual accounting for all of the School District's activities have been provided.

Capital assets in the governmental activities column of the Statement of Net Assets include assets totaling \$10,726,618 which were not reported in the General Fixed Assets Account Group. Capital assets at July 1, 2003 previously reported in the General Fixed Assets Account Group have been decreased by \$3,792,708 to reflect the historical cost of the school district's capital assets at that date. In addition, the governmental activities column includes bonds and other long-term obligations totaling \$9,174,100 previously reported in the General Long-term Debt Account Group.

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**Budgetary Information**

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and State law for the General and Special Revenue Funds. All annual appropriations lapse at fiscal year end.

The appropriation level adopted by the Board is the level of control authorized under the Act. The Act requires expenditures to be budgeted on a functional basis. State law requires the School District to have its budget in place by July 1. A district is not considered in violation of the Act if reasonable procedures are in use by the School District to detect violations.

Budgeted amounts are as originally adopted, or as amended by the Board of Education throughout the year. Individual amendments were not material in relation to the original appropriations which were amended.

Appropriations lapse at yearend and, therefore, cancel all encumbrances. These appropriations are reestablished at the beginning of the following year.

**Marcellus Community Schools**  
**Notes to Financial Statements**  
**June 30, 2004**

**Excess of Expenditures over Appropriations**

The School District did not have significant expenditure budget variances.

During the year ended June 30, 2004, the School District incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

<u>Function</u>	<u>Total Budget</u>	<u>Amount of Expenditures</u>	<u>Budget Variances</u>
General Fund			
Instruction			
Basic	\$ 3,445,738	\$ 3,463,581	\$ 17,843
Supporting Services			
School administration	505,669	564,641	58,972
Operations and maintenance	681,197	758,851	77,654
Special Revenue Funds			
Food service	366,417	370,691	4,274
Athletics	201,299	216,406	15,107

**NOTE 3 - DEPOSITS AND INVESTMENTS**

State statutes and the School District's investment policy authorize the School District to make deposits in the accounts of federally insured banks, and credit unions that have an office in Michigan; the School District is allowed to invest in U.S. Treasury or Agency obligations, U.S. government repurchase agreements, bankers' acceptances, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The School District's deposits and investments are in accordance with statutory authority.

At yearend, the School District's deposits and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Fiduciary Funds</u>	<u>Total Government</u>
Cash	\$ 622,883	\$ 46,322	\$ 669,205

The breakdown between deposits and investments for the School District is as follows:

Deposits (checking and savings accounts, certificates of deposit)	<u>\$ 669,205</u>
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The deposits of the School District were reflected in the accounts of financial institutions at \$950,693, of which \$274,205 is covered by federal depository insurance.

**Marcellus Community Schools**  
**Notes to Financial Statements**  
**June 30, 2004**

**NOTE 4 - CAPITAL ASSETS**

A summary of the changes in governmental capital assets is as follows:

	Balance July 1, 2003	Additions	Disposals and Adjustments	Balance June 30, 2004
Assets not being depreciated				
Land	\$ 100,000	\$ -	\$ -	\$ 100,000
Other capital assets				
Buildings and improvements	7,165,933	-	-	7,165,933
Buses and other vehicles	809,885	-	-	809,885
Furniture and equipment	2,650,800	56,173	(52,480)	2,654,493
Subtotal	<u>10,726,618</u>	<u>56,173</u>	<u>(52,480)</u>	<u>10,730,311</u>
Accumulated depreciation				
Buildings and improvements	(2,622,123)	(109,681)	-	(2,731,804)
Buses and other vehicles	(524,783)	(79,236)	52,480	(551,539)
Furniture and equipment	(2,207,110)	(42,193)	-	(2,249,303)
Subtotal	<u>(5,354,016)</u>	<u>(231,110)</u>	<u>52,480</u>	<u>(5,532,646)</u>
Net capital assets	<u>\$ 5,372,602</u>	<u>\$ (174,937)</u>	<u>\$ -</u>	<u>\$ 5,197,665</u>

During the year, the School District had a historical cost appraisal performed for all School District assets, resulting in a decrease of \$3,792,708 as of July 1, 2003.

Depreciation for the fiscal year ended June 30, 2004 amounted \$231,110. School District determined that it was impractical to allocate depreciation to the various governmental activities as the assets serve multiple functions.

**Marcellus Community Schools**  
**Notes to Financial Statements**  
**June 30, 2004**

**NOTE 5 - INTERFUND RECEIVABLE AND PAYABLE AND TRANSFERS**

Individual interfund receivable and payable balances at June 30, 2004 were:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>	<u>Purpose</u>
General Fund	\$ 190,673	\$ 321,687	Reimbursement of District expenditures paid by other funds, property taxes due to Debt Fund
Debt Fund	324,355	13,854	Property taxes due from General Fund and bond proceeds due to Capital Projects Fund
Athletics Fund	-	2,060	Reimbursement of District expenditures paid by other funds
Lunch Fund	-	188,613	Reimbursement of District expenditures paid by other funds
Capital Projects Fund	11,186	-	Bond proceeds due from Debt Fund
	<u>\$ 526,214</u>	<u>\$ 526,214</u>	

Management does not anticipate individual interfund balances to remain outstanding for periods in excess of one year.

Interfund transfers were made during the year ended June 30, 2004 between the General Fund and the Lunch Fund, and the Athletic Fund totaling \$162,436. These transfers were made to cover the costs of the School District's programs that were in excess of revenues generated from those activities.

**NOTE 6 - LONG-TERM DEBT**

The School District issues bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. Other long-term obligations include compensated absences, claims and judgments, termination benefits, and certain risk liabilities.

Long-term obligation activity can be summarized as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amount Due Within One Year</u>
Government obligation bonds	\$ 8,595,000	\$ -	\$ 255,000	\$ 8,340,000	\$ 290,000
Other bonds	42,523	-	-	42,523	-
Installment notes	249,626	-	28,997	220,629	32,237
Compensated absences	286,951	-	102,966	183,985	-
Retirement benefits	-	42,000	-	42,000	7,000
Total	<u>\$ 9,174,100</u>	<u>\$ 42,000</u>	<u>\$ 386,963</u>	<u>\$ 8,829,137</u>	<u>\$ 329,237</u>

**Marcellus Community Schools**  
**Notes to Financial Statements**  
**June 30, 2004**

**General Obligation Bonds**

General obligation bonds payable at June 30, 2004 consist of the following:

\$5,550,000 serial bond due in annual installments of \$170,000 to \$625,000 through May 1, 2019, interest at 4.25% to 5.00%	\$ 5,175,000
\$3,530,000 serial bond due in annual installments of \$120,000 to \$550,000 through May 1, 2015, interest at 5.00% to 7.375%	<u>3,165,000</u>
Total bonded debt	<u>\$ 8,340,000</u>

Future principal and interest requirements for bonded debt are as follows:

Year Ending June 30,	Principal	Interest	Total
2005	\$ 290,000	\$ 408,112	\$ 698,112
2006	345,000	392,036	737,036
2007	385,000	373,874	758,874
2008	425,000	356,480	781,480
2009	470,000	336,992	806,992
2010-2014	3,120,000	1,302,460	4,422,460
2015-2019	<u>3,305,000</u>	<u>475,676</u>	<u>3,780,676</u>
	<u>\$ 8,340,000</u>	<u>\$ 3,645,630</u>	<u>\$ 11,985,630</u>

The general obligation bonds are payable from the Debt Service Funds. As of June 30, 2004, the fund had a balance of \$314,842 to pay this debt. Future debt and interest will be payable from future tax levies.

**Other Bonds**

Other bonds consist of the following:

\$66,560 Durant Resolution Package serial bonds due in annual installments through 5/15/2013; interest at 4.76% due annually	<u>\$ 42,523</u>
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These bond obligations issued by PA 142 are payable solely from and are secured solely by an assignment by each School District of certain categorical State School Aid payments. The State Legislature has no obligation to make such appropriations. In the event the Legislature fails to appropriate funds, the School District is under no obligation for repayment of the debt obligation issued by PA 142.

**Marcellus Community Schools**  
**Notes to Financial Statements**  
**June 30, 2004**

Future principal and interest requirements for other bonds are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 3,222	\$ 1,452	\$ 4,674
2007	15,396	6,661	22,057
2008	3,536	1,138	4,674
2009	3,704	970	4,674
2010	3,880	794	4,674
2011-2013	12,785	1,236	14,021
	<u>\$ 42,523</u>	<u>\$ 12,251</u>	<u>\$ 54,774</u>

**Installment Notes**

Installment notes payable at June 30, 2004 consist of the following:

\$14,035 installment note payable due in monthly installments of \$149 through September 9, 2008, interest at 4.97%	\$ 6,834
\$120,637 installment note payable due in monthly installments of \$1,282 through September 9, 2008, interest at 4.97%	58,741
\$34,818 installment note payable due in monthly installments of \$370 through September 9, 2008, interest at 4.97%	16,954
\$13,650 installment note payable due in monthly installments of \$145 through September 9, 2008, interest at 4.97%	6,646
\$150,000 installment note payable due in monthly installments of \$1,584 through October 15, 2012, interest at 4.90%	131,454
Total installment notes payable	<u>\$ 220,629</u>

Future principal and interest requirements for installment notes are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 32,237	\$ 10,130	\$ 42,367
2006	33,878	8,486	42,364
2007	35,606	6,757	42,363
2008	37,409	4,952	42,361
2009	21,516	3,330	24,846
2010-2014	59,983	5,014	64,997
	<u>\$ 220,629</u>	<u>\$ 38,669</u>	<u>\$ 259,298</u>

**Marcellus Community Schools**  
**Notes to Financial Statements**  
**June 30, 2004**

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**Compensated Absences**

Accrued compensated absences (including employee payroll taxes) at June 30, 2004 consist of \$183,985 in accrued sick time benefits. The entire vested amount is considered long-term, as the amount expended each year is expected to be offset by sick time earned for the year.

**Retirement Benefits**

The School District offered a voluntary severance incentive plan to employees to be paid over a six year period through 2010. The balance as of June 30, 2004 was \$42,000.

Future payments are as follows:

Year Ending June 30,	
2005	\$ 7,000
2006	7,000
2007	7,000
2008	7,000
2009	7,000
2010	7,000
	<u>\$ 42,000</u>

Interest expenditures for fiscal year 2004 in the Debt Service Funds were \$506,986.

**NOTE 7 - RISK MANAGEMENT**

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation) and certain medical benefits provided to employees. The School District has purchased commercial insurance for general liability, property and casualty and health and vision claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in the past three fiscal years.

The School District is subject to the Michigan Employment Security Act and has elected to pay unemployment claims on a direct self-insured basis. Under this method the School District must reimburse the Employment Commission for all benefits charged against the School District for the year. The School District had no unemployment compensation expense for the year ended June 30, 2004. No provision has been made for possible future claims.

The School District participates in a public entity risk pool through the School Employers Group. With the exception of unemployment described above, this program provides substantially all the insurance needs of the School District. The possibility of additional liabilities in excess of current year contributions exists, however, since the amounts are indeterminable and believed to be immaterial, no contingent liabilities or assets have been recognized on the School District's financial statements for the year ended June 30, 2004.

**Marcellus Community Schools**  
**Notes to Financial Statements**  
**June 30, 2004**

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**NOTE 8 - DEFINED BENEFIT PENSION PLAN**

**Plan Description**

The School District has a defined benefit pension plan covering substantially all employees. The plan is operated by the State of Michigan's Public School Employees Retirement System (MPERS), which is a cost-sharing public employee retirement system (PERS).

The pension plan provides retirement, survivor and disability benefits to plan members and their beneficiaries.

MPERS operates within the Michigan Department of Management and Budget, Office of Retirement Systems who has the authority to establish and amend benefit provisions. The Michigan Department of Management and Budget issues a publicly available financial report that includes financial statements and required supplementary information for MPERS. That report may be obtained by writing to:

Office of Retirement Services  
P.O. Box 30171  
Lansing, Michigan 48909-7671  
800-381-5111

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**Funding Policy**

The School is required by State statute to contribute an actuarially determined percentage of payroll to MPERS for all participating employees. Additionally, employees participating in the Member Investment Plan contributed 3% to 4.3% of their covered wages through payroll deduction. In addition to retirement benefits, a portion of the total MPERS contribution is allocated to cover health, dental and vision benefits. The following table discloses pertinent information relative to MPERS funding for the three-year period beginning July 1, 2001 through June 30, 2004.

	<u>Year Ended June 30,</u>		
	<u>2004</u>	<u>2003</u>	<u>2002</u>
Funding Percentage Range	12.99%	12.17-12.99%	12.16-12.17%
Total school, payroll	\$ 4,999,275	\$ 5,031,226	\$ 4,722,434
Total covered payroll	4,973,585	4,978,907	3,398,039
School contributions	646,069	638,738	576,890
Employee MIP contributions	132,942	134,343	129,832
Portion of school contribution covering health, dental and vision benefits	47%	47%	46%

**Marcellus Community Schools**  
**Notes to Financial Statements**  
**June 30, 2004**

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**Trend Information**

Ten-year historical trend information is presented in the September 30, 2003 PERS Comprehensive Annual Financial Report. This information is useful in assessing the pension plan's accumulation of sufficient assets to pay pension benefits as they become due. The total benefit obligations and net assets available for benefits as of September 30, 2002, the latest date for which information is available, approximates \$42 billion and \$38.4 billion, respectively. The School's share of the total current actuarially determined employer contribution requirement under MPSERS was less than 1% for the year ended September 30, 2003.

**Post Employment Benefits**

In addition to the pension benefits described above, the School District provides post-retirement health care, dental, and vision benefits for retirees and beneficiaries through Michigan Public School Employees Retirement System (MPSERS).

Expenditures for these benefits are recognized on a cash disbursement basis. During the year ended September 30, 2003, statewide expenditures of \$606.7 million were recognized for post-retirement health care, dental and vision. This represented approximately 21% of the total expenditures of the Michigan Public School Employees Retirement System.

**NOTE 9 - FUND EQUITY**

Specific reservations on fund equity include:

Reserved for debt retirement – This reserve was created to segregate a portion of the fund balance account for debt retirement, including both principal payments and interest payments. The reservation was established to satisfy legal restrictions imposed by various bond agreements.

Reserved for inventories – This reserve was created to indicate that the portion of fund balance represented by inventories is not available for appropriation and expenditures.

Reserved for capital projects – This reserve was created to restrict the use of bond proceeds. The reservation was created to satisfy legal restrictions imposed on the bond agreement.

**NOTE 10 - CONTINGENT LIABILITIES**

Amounts received or receivable from grantor agencies are subjected to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of costs which may be disallowed by the grantor cannot be determined at this time although the School District expects such amounts, if any, to be immaterial.

**NOTE 11 - PRIOR PERIOD ADJUSTMENT**

The general fund balance at July 1, 2003 has been adjusted to correct an error made in the prior year. The June 30, 2003 fringe benefit expenditures were not recorded in the general ledger. Had the expenses been recorded in the proper year, excess expenses for the year ended June 30, 2003, would have increased by \$136,950.

**Marcellus Community Schools**  
**Required Supplemental Information**  
**Budget Comparison Schedule - General Fund**  
**For the Year Ended June 30, 2004**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Local sources	\$ 494,342	\$ 572,524	\$ 567,571	\$ (4,953)
State sources	6,812,359	6,562,077	6,520,496	(41,581)
Federal sources	590,697	590,697	534,419	(56,278)
Intermediate sources	-	-	71,505	71,505
Total revenues	<u>7,897,398</u>	<u>7,725,298</u>	<u>7,693,991</u>	<u>(31,307)</u>
<b>Expenditures</b>				
Instruction				
Basic programs	3,411,660	3,445,738	3,463,581	(17,843)
Added needs	1,306,477	1,287,406	1,086,426	200,980
Supporting services				
Pupil	449,280	493,398	456,690	36,708
Instructional staff	162,485	163,163	145,005	18,158
General administration	409,269	392,125	350,915	41,210
School administration	501,375	505,669	564,641	(58,972)
Other business	125,000	110,634	44,900	65,734
Operations and maintenance	666,738	681,197	758,851	(77,654)
Pupil transportation	418,407	426,578	379,197	47,381
Other	120,757	115,161	58,044	57,117
Community	141,640	160,689	123,821	36,868
Payments to other schools	125,000	111,000	110,232	768
Total expenditures	<u>7,838,088</u>	<u>7,892,758</u>	<u>7,542,303</u>	<u>(350,455)</u>
Excess (deficiency) of revenues over expenditures	<u>59,310</u>	<u>(167,460)</u>	<u>151,688</u>	<u>319,148</u>
<b>Other financing sources (uses)</b>				
Debt service	-	-	(40,960)	(40,960)
Transfers to other funds	(167,429)	(167,429)	(162,436)	4,993
Total other financing sources (uses)	<u>(167,429)</u>	<u>(167,429)</u>	<u>(203,396)</u>	<u>(35,967)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(108,119)</u>	<u>(334,889)</u>	<u>(51,708)</u>	<u>283,181</u>
Fund balance - beginning, restated	<u>1,191,386</u>	<u>1,191,386</u>	<u>1,191,386</u>	<u>-</u>
Fund balance - ending	<u>\$ 1,083,267</u>	<u>\$ 856,497</u>	<u>\$ 1,139,678</u>	<u>\$ 283,181</u>

**Marcellus Community Schools**  
**Required Supplemental Information**  
**Budget Comparison Schedule - Special Revenue Fund - Food Service**  
**For the Year Ended June 30, 2004**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Local sources	\$ 191,000	\$ 191,000	\$ 178,588	\$ (12,412)
State sources	6,000	6,000	5,809	(191)
Federal sources	190,000	190,000	183,003	(6,997)
Total revenues	<u>387,000</u>	<u>387,000</u>	<u>367,400</u>	<u>(19,600)</u>
<b>Expenditures</b>				
Supporting services				
Food services	<u>366,417</u>	<u>366,417</u>	<u>370,691</u>	<u>(4,274)</u>
Excess (deficiency) of revenues over expenditures	<u>20,583</u>	<u>20,583</u>	<u>(3,291)</u>	<u>(23,874)</u>
<b>Other financing sources (uses)</b>				
Transfers from other funds	<u>-</u>	<u>-</u>	<u>3,291</u>	<u>3,291</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>20,583</u>	<u>20,583</u>	<u>-</u>	<u>(20,583)</u>
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - ending	<u>\$ 20,583</u>	<u>\$ 20,583</u>	<u>\$ -</u>	<u>\$ (20,583)</u>

**Marcellus Community Schools**  
**Other Supplementary Information**  
**Combining Balance Sheet - Nonmajor Governmental Funds**  
**June 30, 2004**

	Special Revenue <u>Athletics</u>	Capital Projects Fund	Debt Retirement Fund	Nonmajor Governmental Funds
<b>Assets</b>				
Cash	\$ 2,060	\$ 21,891	\$ 4,341	\$ 28,292
Due from other funds	<u>-</u>	<u>11,186</u>	<u>324,355</u>	<u>335,541</u>
Total assets	<u>\$ 2,060</u>	<u>\$ 33,077</u>	<u>\$ 328,696</u>	<u>\$ 363,833</u>
<b>Liabilities and Fund Balance</b>				
<b>Liabilities</b>				
Due to other funds	\$ <u>2,060</u>	\$ <u>-</u>	\$ <u>13,854</u>	\$ <u>15,914</u>
<b>Fund Balance</b>				
Reserved for capital outlay	-	33,077	-	33,077
Reserved for debt retirement	<u>-</u>	<u>-</u>	<u>314,842</u>	<u>314,842</u>
Total fund balance	<u>-</u>	<u>33,077</u>	<u>314,842</u>	<u>347,919</u>
Total liabilities and fund balance	<u>\$ 2,060</u>	<u>\$ 33,077</u>	<u>\$ 328,696</u>	<u>\$ 363,833</u>

**Marcellus Community Schools**  
**Other Supplemental Information**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance -**  
**Nonmajor Governmental Funds**  
**June 30, 2004**

	Special Revenue Athletics	Capital Projects Fund	Debt Retirement Fund	Nonmajor Governmental Funds
Revenues				
Local sources	\$ 57,261	\$ 281	\$ 685,924	\$ 743,466
Expenditures				
Athletics	216,406	-	-	216,406
Capital outlay	-	132,282	-	132,282
Debt service	-	-	677,193	677,193
Total expenditures	<u>216,406</u>	<u>132,282</u>	<u>677,193</u>	<u>1,025,881</u>
Excess (deficiency) of revenues over expenditures	<u>(159,145)</u>	<u>(132,001)</u>	<u>8,731</u>	<u>(282,415)</u>
Other financing sources				
Transfers from other funds	<u>159,145</u>	<u>-</u>	<u>-</u>	<u>159,145</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	(132,001)	8,731	(123,270)
Fund balance - beginning	<u>-</u>	<u>165,078</u>	<u>306,111</u>	<u>471,189</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ 33,077</u>	<u>\$ 314,842</u>	<u>\$ 347,919</u>

**Marcellus Community Schools**  
**General Fund**  
**Comparative Balance Sheet**  
**June 30, 2004 and 2003**

	<u>2004</u>	<u>2003</u>
<b>Assets</b>		
<b>Assets</b>		
Cash	\$ 411,577	\$ 772,348
Due from other governmental units	1,437,044	1,391,611
Due from other funds	190,673	81,313
Inventory	<u>8,350</u>	<u>17,020</u>
<b>Total assets</b>	<b>\$ <u>2,047,644</u></b>	<b>\$ <u>2,262,292</u></b>

**Liabilities and Fund Balance**

<b>Liabilities</b>		
Accounts payable	\$ -	\$ 11,388
Due to other funds	321,687	303,999
Salaries and benefits payable	556,537	586,562
Payroll taxes payable	<u>29,742</u>	<u>32,007</u>
<b>Total liabilities</b>	<b><u>907,966</u></b>	<b><u>933,956</u></b>
<b>Fund balance</b>	<b><u>1,139,678</u></b>	<b><u>1,328,336</u></b>
<b>Total liabilities and fund balance</b>	<b>\$ <u>2,047,644</u></b>	<b>\$ <u>2,262,292</u></b>

**Marcellus Community Schools**  
**General Fund**  
**Comparative Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**For the Years Ended June 30, 2004 and 2003**

	<u>June 30, 2004</u>	<u>June 30, 2003</u>
<b>Revenues</b>		
Local sources		
Property taxes	\$ 513,209	\$ 491,133
Interest	4,761	11,859
Other local revenue	49,601	12,139
State sources		
State school aid, unrestricted	6,037,608	6,676,612
State school aid, restricted	482,888	33,130
Federal sources	534,419	491,672
Intermediate sources	71,505	-
<b>Total revenues</b>	<u>7,693,991</u>	<u>7,716,545</u>
<b>Expenditures</b>		
Instruction	4,550,007	4,735,039
Supporting services	2,758,243	2,932,256
Community services	123,821	-
Payments to other schools	110,232	-
Facilities acquisition	-	245,000
<b>Total expenditures</b>	<u>7,542,303</u>	<u>7,912,295</u>
Excess of revenue over expenditures (deficiency)	<u>151,688</u>	<u>(195,750)</u>
<b>Other financing sources (uses)</b>		
Loan proceeds	-	150,000
Debt service	(40,960)	(22,237)
Transfers to other funds	(162,436)	(216,616)
<b>Total other financing sources (uses)</b>	<u>(203,396)</u>	<u>(88,853)</u>
Excess of revenues (deficiency) and financing sources over expenditures and other financing uses	<u>(51,708)</u>	<u>(284,603)</u>
Fund balance - beginning of year	1,328,336	1,612,939
Prior period adjustment	(136,950)	-
Fund balance - beginning of year, as restated	<u>1,191,386</u>	<u>1,612,939</u>
Fund balance - end of year	<u>\$ 1,139,678</u>	<u>\$ 1,328,336</u>

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<u>Supplies and Materials</u>	<u>Capital Outlay</u>	<u>Other</u>	<u>Total</u>
\$ 45,504	\$ 2,262	\$ -	\$ 1,235,706
13,126	3,186	8,642	989,111
29,240	3,449	3,046	1,129,162
2,055	(1,025)	4,468	109,602
<u>89,925</u>	<u>7,872</u>	<u>16,156</u>	<u>3,463,581</u>
8,308	-	-	334,349
3,051	581	-	388,442
8,309	3,436	5,227	363,635
<u>19,668</u>	<u>4,017</u>	<u>5,227</u>	<u>1,086,426</u>
<u>109,593</u>	<u>11,889</u>	<u>21,383</u>	<u>4,550,007</u>

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5,380	-	1,246	179,996
295	-	-	276,694
23,048	3,856	-	145,005
<u>28,723</u>	<u>3,856</u>	<u>1,246</u>	<u>601,695</u>
(1,940)	-	13,436	31,702
3,206	2,568	20,536	319,213
<u>1,266</u>	<u>2,568</u>	<u>33,972</u>	<u>350,915</u>
<u>13,020</u>	<u>5,380</u>	<u>629</u>	<u>564,641</u>
-	-	3,148	44,900
250,448	39,828	-	758,851
63,842	-	1,638	379,197
<u>314,290</u>	<u>39,828</u>	<u>4,786</u>	<u>1,182,948</u>
-	5,975	-	58,044
<u>357,299</u>	<u>57,607</u>	<u>40,633</u>	<u>2,758,243</u>
50	-	3,225	123,821
<u>\$ 466,942</u>	<u>\$ 69,496</u>	<u>\$ 65,241</u>	<u>\$ 7,432,071</u>

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Debt of 2001	Durant Debt	June 30, 2004	2003
<u>\$ (77,861)</u>	<u>\$ -</u>	<u>\$ 4,341</u>	<u>\$ 13,298</u>
2,668	-	2,668	23,509
<u>236,008</u>	<u>-</u>	<u>321,687</u>	<u>303,999</u>
<u>\$ 160,815</u>	<u>\$ -</u>	<u>\$ 328,696</u>	<u>\$ 340,806</u>

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<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,668</u>	<u>\$ 23,509</u>
11,186	-	11,186	11,186
<u>11,186</u>	<u>-</u>	<u>13,854</u>	<u>34,695</u>
<u>149,629</u>	<u>-</u>	<u>314,842</u>	<u>306,111</u>
<u>\$ 160,815</u>	<u>\$ -</u>	<u>\$ 328,696</u>	<u>\$ 340,806</u>

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	Debt of	Durant	June 30,	
	2001		2004	2003
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
\$	405,379	\$ -	\$ 685,853	\$ 671,196
	1	-	71	1,517
	<u>405,380</u>	<u>-</u>	<u>685,924</u>	<u>672,713</u>
	160,000	-	255,000	235,000
	251,568	-	421,918	434,249
	275	-	275	275
	<u>411,843</u>	<u>-</u>	<u>677,193</u>	<u>669,524</u>
	(6,463)	-	8,731	3,189
	<u>156,092</u>	<u>-</u>	<u>306,111</u>	<u>302,922</u>
\$	<u>149,629</u>	\$ <u>-</u>	\$ <u>314,842</u>	\$ <u>306,111</u>

**Marcellus Community Schools**  
**Special Revenue Funds**  
**Combining Balance Sheet**  
**June 30, 2004 and 2003**

	Athletics	Food Service	June 30, 2004	2003
<b>Assets</b>				
Cash	\$ 2,060	\$ 183,014	\$ 185,074	\$ 104,874
Due from other governmental units	-	8,271	8,271	3,639
Inventory	-	6,555	6,555	5,392
<b>Total assets</b>	<b>\$ 2,060</b>	<b>\$ 197,840</b>	<b>\$ 199,900</b>	<b>\$ 113,905</b>

**Liabilities and Fund Balance**

<b>Liabilities</b>				
Accounts payable	\$ -	\$ 9,227	\$ 9,227	\$ 32,592
Due to other funds	2,060	188,613	190,673	81,313
<b>Total liabilities</b>	<b>2,060</b>	<b>197,840</b>	<b>199,900</b>	<b>113,905</b>
<b>Fund balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total liabilities and fund balance</b>	<b>\$ 2,060</b>	<b>\$ 197,840</b>	<b>\$ 199,900</b>	<b>\$ 113,905</b>

**Marcellus Community Schools**  
**Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**For the Years Ended June 30, 2004 and 2003**

	Athletics	Food Service	June 30, 2004	2003
<b>Revenues</b>				
Food services	\$ -	\$ 170,624	\$ 170,624	\$ 154,305
Athletic services	57,261	-	57,261	40,708
Other revenues	-	7,964	7,964	6,976
State sources	-	5,809	5,809	24,441
Federal sources	-	183,003	183,003	170,430
<b>Total revenues</b>	<u>57,261</u>	<u>367,400</u>	<u>424,661</u>	<u>396,860</u>
<b>Expenditures</b>				
Salaries and benefits	152,705	131,561	284,266	277,218
Food purchases	-	160,366	160,366	160,626
Supplies	-	13,902	13,902	12,707
Other purchased services	17,374	46,105	63,479	66,653
Capital outlay	-	13	13	186
Miscellaneous	46,327	18,744	65,071	61,296
<b>Total expenditures</b>	<u>216,406</u>	<u>370,691</u>	<u>587,097</u>	<u>578,686</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(159,145)</u>	<u>(3,291)</u>	<u>(162,436)</u>	<u>(181,826)</u>
<b>Other financing sources</b>				
Transfers from other funds	159,145	3,291	162,436	216,616
<b>Excess of revenues and other financing sources over expenditures and other financing uses</b>	-	-	-	34,790
<b>Fund balance - beginning of year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(34,790)</u>
<b>Fund balance - end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Marcellus Community Schools**  
**Athletic Fund**  
**Comparative Balance Sheet**  
**June 30, 2004 and 2003**

	<u>2004</u>	<u>2003</u>
<b>Assets</b>		
Cash	\$ <u>2,060</u>	\$ <u>522</u>
<b>Liabilities and Fund Balance</b>		
<b>Liabilities</b>		
Due to general fund	\$ <u>2,060</u>	\$ <u>522</u>
<b>Fund balance</b>	<u>-</u>	<u>-</u>
<b>Total liabilities and fund balance</b>	\$ <u>2,060</u>	\$ <u>522</u>

**Marcellus Community Schools**  
**Athletic Fund**  
**Comparative Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**For the Years Ended June 30, 2004 and 2003**

	<u>2004</u>	<u>2003</u>
Revenues		
Athletic revenue	\$ <u>57,261</u>	\$ <u>40,708</u>
Expenditures		
Salaries and benefits	152,705	145,244
Purchased services	17,374	12,648
Other	<u>46,327</u>	<u>49,440</u>
Total expenditures	<u>216,406</u>	<u>207,332</u>
Deficiency of revenues over expenditures	(159,145)	(166,624)
Other financing sources		
Transfer from general fund	<u>159,145</u>	<u>166,624</u>
Excess of revenues and other financing sources over expenditures	-	-
Fund balance - beginning of year	<u>-</u>	<u>-</u>
Fund balance - end of year	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>

**Marcellus Community Schools**  
**Food Service Fund**  
**Comparative Balance Sheet**  
**June 30, 2004 and 2003**

	<u>2004</u>	<u>2003</u>
<b>Assets</b>		
Assets		
Cash	\$ 183,014	\$ 104,352
Accounts receivable	8,271	3,639
Inventory	<u>6,555</u>	<u>5,392</u>
Total assets	<u>\$ 197,840</u>	<u>\$ 113,383</u>
 <b>Liabilities and Fund Balance</b>		
Liabilities		
Accounts payable	\$ 9,227	\$ 32,592
Due to other funds	<u>188,613</u>	<u>80,791</u>
Total liabilities	197,840	113,383
Fund balance	<u>-</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 197,840</u>	<u>\$ 113,383</u>

**Marcellus Community Schools**  
**Food Service Fund**  
**Comparative Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**For the Years Ended June 30, 2004 and 2003**

	<u>2004</u>	<u>2003</u>
<b>Revenues</b>		
Food services	\$ 170,624	\$ 154,305
Other local revenues	7,964	6,976
State sources	5,809	24,441
Federal sources	<u>183,003</u>	<u>170,430</u>
Total revenues	<u>367,400</u>	<u>356,152</u>
<b>Expenditures</b>		
Labor and benefits	131,561	131,975
Food purchases	160,366	160,626
Supplies	13,902	12,707
Other purchased services	46,105	54,005
Capital outlay	13	186
Miscellaneous	<u>18,744</u>	<u>11,855</u>
Total expenditures	<u>370,691</u>	<u>371,354</u>
Deficiency of revenues over expenditures	<u>(3,291)</u>	<u>(15,202)</u>
Other financing sources		
Transfer from general fund	<u>3,291</u>	<u>49,992</u>
Excess (deficiency) of revenues and other financing sources over expenditures	-	34,790
Fund balance - beginning of year	<u>-</u>	<u>(34,790)</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>

**Marcellus Community Schools**  
**Trust and Agency Funds**  
**Combining Balance Sheet**  
**June 30, 2004 and 2003**

	Private Purpose Trust Fund	Agency Fund	Balance 2004	Balance 2003
<b>Assets</b>				
Assets				
Cash	\$ <u>42,108</u>	\$ <u>4,214</u>	\$ <u>46,322</u>	\$ <u>47,750</u>
 <b>Liabilities and Fund Balance</b>				
<b>Liabilities</b>				
Due to student groups	\$ -	\$ 4,214	\$ 4,214	\$ 6,715
 Fund balance - reserved for scholarships	<u>42,108</u>	<u>-</u>	<u>42,108</u>	<u>41,035</u>
 Total liabilities and fund balance	\$ <u>42,108</u>	\$ <u>4,214</u>	\$ <u>46,322</u>	\$ <u>47,750</u>

**Marcellus Community Schools**  
**Trust and Agency Funds**  
**Private Purpose Trust Fund**  
**Comparative Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**For the Years Ended June 30, 2004 and 2003**

	<u>2004</u>	<u>2003</u>
Revenues		
Contributions	\$ 2,413	\$ -
Earnings on investments	<u>659</u>	<u>789</u>
Total revenues	<u>3,073</u>	<u>789</u>
Expenditures		
Scholarship grants	2,000	1,000
Supplies	<u>-</u>	<u>21</u>
Total expenditures and other financing uses	<u>2,000</u>	<u>1,021</u>
Excess (deficiency) of revenues over expenditures	1,073	(232)
Fund balance - beginning of year	<u>41,035</u>	<u>41,267</u>
Fund balance - end of year	\$ <u><u>42,108</u></u>	\$ <u><u>41,035</u></u>

**Marcellus Community Schools**  
**Capital Projects Funds**  
**Comparative Balance Sheet**  
**June 30, 2004 and 2003**

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	<u>2004</u>	<u>2003</u>
<b>Assets</b>		
Assets		
Cash	\$ 21,891	\$ 153,892
Due from other funds	<u>11,186</u>	<u>11,186</u>
Total assets	<u>\$ 33,077</u>	<u>\$ 165,078</u>

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**Fund Balance**

Fund balance	\$ <u>33,077</u>	\$ <u>165,078</u>
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**Marcellus Community Schools**  
**Capital Projects Funds**  
**Comparative Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**For the Years Ended June 30, 2004 and 2003**

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	<u>2004</u>	<u>2003</u>
Revenues and other financing sources		
Investment earnings	\$ <u>281</u>	\$ <u>72,717</u>
Expenditures		
Capital outlay	<u>132,282</u>	<u>2,488,845</u>
Deficiency of revenues and other financing sources over expenditures	(132,001)	(2,416,128)
Fund balance - beginning of year	<u>165,078</u>	<u>2,581,206</u>
Fund balance - end of year	\$ <u><u>33,077</u></u>	\$ <u><u>165,078</u></u>

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**Marcellus Community Schools**  
**Schedule of Bond Indebtedness**  
**June 30, 2004**

Date of Issue: June 1, 2001

Original Amount: \$5,550,000

Purpose: 2001 Building and Site General Obligation Bonds and Refunding of 1991 Building and Site General Obligation Bonds

School Year	Principal May 1	Interest		Rate	Total Interest	Total Requirement
		November 1	May 1			
2004-2005	\$ 170,000	\$ 122,384	\$ 122,384	4.250	\$ 244,768	\$ 414,768
2005-2006	205,000	118,771	118,771	4.250	237,542	442,542
2006-2007	220,000	114,415	114,415	4.250	228,830	448,830
2007-2008	235,000	109,740	109,740	4.250	219,480	454,480
2008-2009	250,000	104,746	104,746	4.500	209,492	459,492
2009-2010	260,000	99,121	99,121	4.500	198,242	458,242
2010-2011	275,000	93,271	93,271	4.500	186,542	461,542
2011-2012	295,000	87,084	87,084	4.625	174,168	469,168
2012-2013	320,000	80,262	80,262	4.700	160,524	480,524
2013-2014	190,000	72,742	72,742	4.750	145,484	335,484
2014-2015	255,000	68,229	68,229	4.800	136,458	391,458
2015-2016	625,000	62,109	62,109	4.875	124,218	749,218
2016-2017	625,000	46,875	46,875	5.000	93,750	718,750
2017-2018	625,000	31,250	31,250	5.000	62,500	687,500
2018-2019	625,000	15,625	15,625	5.000	31,250	656,250
	<u>\$ 5,175,000</u>	<u>\$ 1,226,624</u>	<u>\$ 1,226,624</u>		<u>\$ 2,453,248</u>	<u>\$ 7,628,248</u>

**Marcellus Community Schools**  
**Schedule of Bond Indebtedness**  
**June 30, 2004**

Date of Issue: March 10, 1997

Original Amount: \$3,530,000

Purpose: 1997 Building and Site Bonds

School Year	Principal May 1	Interest		Rate	Total Interest	Total Requirement
		November 1	May 1			
2004-2005	\$ 120,000	\$ 81,672	\$ 81,672	7.375	\$ 163,344	\$ 283,344
2005-2006	140,000	77,247	77,247	6.750	154,494	294,494
2006-2007	165,000	72,522	72,522	4.875	145,044	310,044
2007-2008	190,000	68,500	68,500	5.000	137,000	327,000
2008-2009	220,000	63,750	63,750	5.000	127,500	347,500
2009-2010	255,000	58,250	58,250	5.000	116,500	371,500
2010-2011	290,000	51,875	51,875	5.000	103,750	393,750
2011-2012	325,000	44,625	44,625	5.000	89,250	414,250
2012-2013	360,000	36,500	36,500	5.000	73,000	433,000
2013-2014	550,000	27,500	27,500	5.000	55,000	605,000
2014-2015	550,000	13,750	13,750	5.000	27,500	577,500
	<u>\$ 3,165,000</u>	<u>\$ 596,191</u>	<u>\$ 596,191</u>		<u>\$ 1,192,382</u>	<u>\$ 4,357,382</u>

**Marcellus Community Schools**  
**Schedule of Bond Indebtedness**  
**1998 Durant**  
**June 30, 2004**

Date of Issue: November 24, 1998

Original Amount: \$133,119

Purpose: 15 Year Durant Resolution Package Bonds

<u>School Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Rate</u>	<u>Total Requirement</u>
2004-2005	\$ -	\$ -	4.760 %	\$ -
2005-2006	3,222	1,452	4.760	4,674
2006-2007	15,395	6,661	4.760	22,056
2007-2008	3,536	1,138	4.760	4,674
2008-2009	3,704	970	4.760	4,674
2009-2010	3,880	794	4.760	4,674
2010-2011	4,065	609	4.760	4,674
2011-2012	4,259	415	4.760	4,674
2012-2013	4,462	212	4.760	4,674
	<u>\$ 42,523</u>	<u>\$ 12,251</u>		<u>\$ 54,774</u>

**Marcellus Community Schools**  
**Property Tax Data**  
**For the Year Ended June 30, 2004**

2003 Levy	State Equalized Valuation	Operating Levy	Debt Retirement Levy	Total Levy
Marcellus Township	\$ 49,392,413	\$ 200,344	\$ 295,860	\$ 496,204
Newberg Township	20,276,590	130,968	121,457	252,425
Penn Township	2,178,472	7,889	13,049	20,938
Volinia Township	24,522,500	94,718	146,890	241,608
Decatur Township	35,028	341	210	551
Porter Township	14,857,672	63,614	88,997	152,611
Flowerfield Township	3,957,348	13,185	23,704	36,889
Wayne Township	15,239	-	91	91
	<u>\$ 115,235,262</u>	<u>\$ 511,059</u>	<u>\$ 690,258</u>	<u>\$ 1,201,317</u>
Collections - current year tax		<u>\$ 509,152</u>	<u>\$ 693,118</u>	<u>\$ 1,202,270</u>